

Message Text

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ORIGIN AF-08

INFO OCT-01 EUR-12 SS-15 ISO-00 SIG-01 FEA-01 ACDA-07

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FM SECSTATE WASHDC

TO AMEMBASSY LAGOS IMMEDIATE

AMEMBASSY PRETORIA IMMEDIATE

AMCONSUL CAPE TOWN IMMEDIATE

INFO ALL AFRICAN DIPLOMATIC POSTS PRIORITY

USDEL SECRETARY PRIORITY

AMEMBASSY LONDON PRIORITY

AMEMBASSY BERN PRIORITY

AMEMBASSY BONN PRIORITY

AMEMBASSY THE HAGUE PRIORITY

AMCONSUL JOHANNESBURG PRIORITY

XMT AMEMBASSY TANANARIVE

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CAPE TOWN FOR EMBASSY

E.O. 11652: N/A

TAGS: PFOR, BBAK, ENRG, NI, SF

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SUBJECT: NUCLEAR REACTOR FOR SOUTH AFRICA: AMBASSADOR
EASUM'S TESTIMONY TO SFRC

REF: STATE 116358

1. MAY 21 AMBASSADOR EASUM (NIGERIA) TESTIFIED BEFORE CLARK SUB-COMMITTEE OF SENATE FOREIGN RELATIONS COMMITTEE ON US/NIGERIAN RELATIONS. REUTERS AND AP REPORTS OF SESSION CITE AMBASSADOR'S STATEMENT THAT THE UNITED STATES WILL HAVE "SOME EXPLAINING TO DO" TO NIGERIA IF IT GOES AHEAD WITH THE SALE OF TWO NUCLEAR REACTORS TO SOUTH AFRICA. QUOTES WERE TAKEN OUT OF CONTEXT AND REPORTED IN POTENTIALLY MISLEADING FASHION, ALTHOUGH AP REPORT IS SOMEWHAT FULLER AND CONTAINS MORE EXTENSIVE QUOTES OF WHAT EASUM SAID. CONTEXT OF AMBASSADOR'S REMARKS IS IN PARA 2, AND FURTHER GUIDANCE ON THIS SUBJECT IS CONTAINED PARAS 3-4.

2. EASUM'S TESTIMONY ON THIS POINT WAS IN RESPONSE TO CLARK QUESTION AS TO THE ANTICIPATED REACTION OF NIGERIANS TO THE REACTOR DEAL AND THE EFFECT IT MIGHT HAVE ON US/NIGERIAN RELATIONS. EASUM STATED THAT NIGERIAN REACTION COULD NOT RPT NOT BE PREDICTED WITH CERTAINTY BUT AN

INDICATION OF POSSIBLE RESPONSE MIGHT BE SEEN IN THE HEAVY CRITICISM PROVOKED IN BOTH OFFICIAL AND PRESS CIRCLES IN NIGERIA WHEN STORIES BEGAN TO CIRCULATE LAST SEPTEMBER REGARDING "ANOTHER COUNTRY'S" (VIZ. GERMANY) PROPOSED NUCLEAR PROJECT ARRANGEMENT WITH SOUTH AFRICA. EASUM DESCRIBED NATURE AND EXTENT OF CRITICISM TO WHICH THAT COUNTRY SUBJECTED AT THAT TIME. EASUM SAID THAT NIGERIANS WERE IGNORANT OF THE MANY FACTORS AND IMPORTANT CONSIDERATIONS INVOLVED IN POSSIBLE US PARTICIPATION IN THIS PROJECT. FOLLOWING THE LINES OF DEPARTMENT PRESS GUIDANCE ON THIS SUBJECT (SEE REFTEL AND PARAS 4-5), EASUM SAID THAT USG WOULD HAVE TO EXPLAIN TO NIGERIAN CRITICS THAT NUCLEAR MATERIALS WOULD BE SUPPLIED ONLY UNDER STRICT SAFEGUARDS AS PROVIDED FOR IN TREATY CONCLUDED WITH SOUTH AFRICA IN 1957. NIGERIANS WOULD BE TOLD THAT US HAD IN FACT PROVIDED ENRICHED URANIUM TO SOUTH LIMITED OFFICIAL USE

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AFRICA UNDER THE TERMS OF THIS AGREEMENT SINCE 1965, AND THAT THE AGREEMENT ASSURED THAT ANY SUCH MATERIALS WERE UNDER SAFEGUARDS AND COULD NOT RPT NOT BE UTILIZED FOR NON-PEACEFUL PURPOSES. AMBASSADOR FURTHER STATED THAT EXPLANATION TO NIGERIANS SHOULD STRESS THE IMPORTANCE THAT THE US ATTACHES TO MAINTAINING ITS RECORD AS A RELIABLE SUPPLIER OF NUCLEAR MATERIALS FOR PEACEFUL PURPOSES.

3. FOLLOWING SUMMARY USED BY AMBASSADOR EASUM AND DEPARTMENT OFFICERS IN RESPONDING TO QUESTIONS RE GE PROPOSAL:

IN 1974 AFTER SEVERAL YEARS OF STUDY AND CONSIDERATION, THE ELECTRICITY SUPPLY COMMISSION OF SOUTH AFRICA (ESCOM) FINALIZED PLANS FOR THE CONSTRUCTION OF A NUCLEAR POWER FACILITY AT KOEBERG, 20 MILES NORTH OF CAPE TOWN, AND REQUESTED INTERESTED FIRMS TO SUBMIT BIDS. IN PARTNERSHIP WITH SWISS AND DUTCH COMPANIES, THE GENERAL ELECTRIC COMPANY SUBMITTED A BID, AND SUBSEQUENTLY REQUESTED AND RECEIVED AN EXIMBANK PRELIMINARY COMMITMENT FOR A GARANTTEE TO COVER PRIVATE FINANCING OF APPROXIMATELY \$250 MILLION IN US PROCUREMENT. THE MAIN COMPETITORS HAVE BEEN A CONSORTIUM HEADED BY THE GERMAN FIRM KRAFTWERKE UNION AND ONE HEADED BY FRANCE'S FRAMATOME. THE AWARD OF THE CONTRACT TO THE WINNING CONSORTIUM HAS NOT YET BEEN ANNOUNCED, BUT A DECISION IS EXPECTED VERY SHORTLY.

RECENTLY GE REQUESTED PERMISSION FROM THE US NUCLEAR REGULATORY COMMISSION (NRC) TO EXPORT TWO REACTORS AND RELATED FUEL SUPPLIES TO SOUTH AFRICA. WHILE IT IS AN INDEPENDENT GOVERNMENT AGENCY, THE NRC DOES CONSULT WITH

THE EXECUTIVE BRANCH PRIOR TO THE ISSUANCE OF EXPORT LICENSES, AND THE STATE DEPARTMENT IS RESPONSIBLE FOR COORDINATING THE VIEWS OF INTERESTED USG AGENCIES. WE ARE CURRENTLY IN THE PROCESS OF OBTAINING THESE VIEWS AND PREPARING THE EXECUTIVE BRANCH COMMENTS FOR TRANSMISSION TO THE NRC. EXPORTS OF REACTORS AND THEIR NUCLEAR FUEL FROM THE US MUST TAKE PLACE UNDER AN AGREELIMITED OFFICIAL USE

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MENT FOR COOPERATION WITH THE RECEPIENT NATION. THE US HAS SUCH A NUCLEAR COOPERATION AGREEMENT WITH SOUTH AFRICA, WHICH DATES FROM 1957, UNDER THE TERMS OF WHICH THE SOUTH AFRICAN GOVERNMENT HAS UNDERTAKEN TO PLACE ALL MATERIALS SUPPLIED BY THE US UNDER SAFEGUARDS AND NOT TO USE THESE MATERIALS IN THE MANUFACTURE OF WEAPONS.

THE AGREEMENT PERMITS THE EXPORT OF NUCLEAR MATERIALS, INCLUDING ENRICHED URANIUM TO SOUTH AFRICA, AND IS ONE OF THE 29 SUCH AGREEMENTS WHICH THE US HAS ENTERED INTO WITH VARIOUS COUNTRIES FOR THE SUPPLY OF NUCLEAR FUEL. WE HAVE BEEN SUPPLYING ENRICHED URANIUM, UNDER THE TERMS OF THIS AGREEMENT, FOR SOUTH AFRICA'S RESEARCH REACTOR SINCE 1965. IN 1974 THE AGREEMENT WAS AMENDED FOR THE SPECIFIC PURPOSE OF PERMITTING US PARTICIPATION IN THE

KOEBERG PROJECT.

IN ACCORDANCE WITH US STATUTORY PROVISIONS, THE AGREEMENT, AND ALL SUBSEQUENT AMENDMENTS, HAVE BEEN SUBMITTED TO THE CONGRESS, WHICH HAS HAD THE OPPORTUNITY TO REVIEW THEM BEFORE THEY BECAME EFFECTIVE. DURING THE PUBLIC HEARINGS BY THE SUBCOMMITTEE ON AFRICA OF THE US SENATE'S COMMITTEE ON FOREIGN RELATIONS, ON JULY 24, 1975, THE AGREEMENT WAS DISCUSSED IN SOME DETAIL.

US POLICY HAS LONG FAVORED ACTIVE COOPERATION WITH OTHER NATIONS IN THE PEACEFUL USE OF NUCLEAR ENERGY, INCLUDING NUCLEAR REACTOR SALES UNDER AGREEMENTS WHICH PROVIDE EFFECTIVE SAFEGUARDS AGAINST ANY DIVERSION TO MILITARY USES. WE SEE NO CONFLICT BETWEEN THE SALE OF NUCLEAR EQUIPMENT FOR POWER GENERATION, PROTECTED BY STRINGENT SAFEGUARDS AND THE LUSAKA STATEMENT BY SECRETARY KISSINGER URGING A PEACEFUL END TO SOUTH AFRICA'S INSTITUTIONALIZED RACIAL INEQUALITY.

4. FOLLOWING CONTINGENCY PRESS GUIDANCE PREPARED FOR SPOKESMAN MAY 21, BUT QUESTION NOT RAISED BY CORRESPONDENTS:

Q. CAN YOU CONFIRM THE AP REPORT THAT THE STATE DEPARTMENT HAS DECIDED TO SUPPORT THE GENERAL ELECTRIC LIMITED OFFICIAL USE

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REQUEST TO SELL TWO ATOMIC POWER PLANTS TO SOUTH AFRICA?

A. THE FINAL EXECUTIVE BRANCH POSITION HAS NOT BEEN FORMULATED AND WILL BE CONTAINED EVENTUALLY IN A COMMUNICATION TO THE NUCLEAR REGULATORY COMMISSION. HOWEVER, IN KEEPING WITH OUR LONGSTANDING NUCLEAR COOPERATION AGREEMENT WITH SOUTH AFRICA AND OUR LONGSTANDING POLICY OF MEETING OUR COMMITMENTS UNDER THESE AGREEMENTS, IT IS QUITE LIKELY THAT OUR RECOMMENDATION WILL BE POSITIVE.

(THE NUCLEAR REGULATORY COMMISSION, AND INDEPENDENT AGENCY, CONSULTS WITH THE EXECUTIVE BRANCH BEFORE ISSUING EXPORT LICENSES. THE STATE DEPARTMENT HAS THE RESPONSIBILITY FOR COORDINATING THE VIEWS OF INTERESTED U.S. GOVERNMENT AGENCIES.)

ROBINSON

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